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UNITED
KENO HILL
MINES
L I M I T E D

a n n u a l r e p o r t

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UNITED KENO HILL MINES LIMITED

HIGHLIGHTS

| | 1975 | 1974 |
|---|--------------|--------------|
| Revenue from metal shipments | \$15,696,000 | \$17,480,000 |
| Net profit before taxes | 4,372,000 | 7,785,000 |
| Income and mining taxes | 1,435,000 | 2,000,000 |
| Earnings for the year | 2,937,000 | 5,785,000 |
| Earnings per share | 1.19 | 2.34 |
| Dividends declared per share | 0.70 | 1.00 |
| Expenditures on exploration and development | 909,000 | 1,591,000 |
| Capital expenditures | 1,145,000 | 520,000 |
| Working capital | 13,851,000 | 13,352,000 |

BOARD OF DIRECTORS

L. C. BURNS

*President, Burns Bros. & Denton
Investment Dealers, Toronto*

D. R. DERRY

*Partner, Derry, Michener & Booth,
Consulting Geologists, Toronto*

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Retired, San Francisco

F. A. GODFREY

*President and Managing Director,
Toronto*

E. L. HEALY

*Executive Vice-President Operations,
Falconbridge Nickel Mines Limited,
Toronto*

P. L. MUNRO

Vice-President, Toronto

G. T. N. WOODROOFFE

*Vice-President Corporate Affairs
and Secretary, Falconbridge Nickel
Mines Limited, Toronto*

OFFICERS

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President & Managing Director

P. L. MUNRO

Vice-President

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Controller

CONSULTING GEOLOGIST

ALEX SMITH

Vancouver

CONSULTING METALLURGIST

J. M. MORTIMER

Toronto

EXECUTIVE OFFICE

P. O. Box 40, COMMERCE COURT WEST
Toronto, Ontario M5L 1B4

HEAD OFFICE and MINE OFFICE

ELSA, YUKON TERRITORY, CANADA

ANNUAL MEETING

Monday, April 5, 11:00 a.m.
Elizabeth Room,
King Edward Hotel,
Toronto, Ontario

UNITED KENO HILL MINES LIMITED

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Tonnage milled was marginally lower than the 1974 level. Production flexibility was reduced in the major production unit (Husky Mine) as stope widths narrowed and the mine passed the 50% extraction point. Silver and lead grades were somewhat lower reflecting normal variations. Zinc concentrate production increased due to a greater proportion of sulphide ore and thus, improved recovery. The Townsite Mine was closed in December primarily because of low grade production and little potential for improvement. The Shamrock J structure (now called the Keno 18 vein) was fully developed, and ore reserves increased by 50%. Underground and surface exploration continued at near 1974 levels without any major ore zones being reported.

The progress reported in 1974 toward treatment of mill effluent suffered a severe setback when the water quality standard for zinc was raised from 2.0 parts per million to 0.5 p.p.m. Expenditures increased sharply without any significant advance toward the new water quality standard.

Employee turnover declined significantly, but was still high at 164% per year and there were fewer shortages in most skilled categories. Decreased mining activity in British Columbia was credited for the improvement.

FINANCIAL

Net earnings for the year were \$2,937,000 or \$1.19 per share compared with the record earnings achieved last year of \$5,785,000 or \$2.34 per share. Reduced revenue from silver as a result of lower production and increased operating and development costs were the main factors leading to the decline.

Operating costs, including development, increased significantly. While the increase had been predicted, the cost per ton mined rose 21%, and the cost per ounce of silver rose 33% reflecting lower production and grade of ore mined.

Dividends amounting to 70¢ per share were paid in 1975 compared with \$1.00 per share in 1974. Working capital was maintained in a healthy state at \$13,851,000 at December 31, 1975. Fixed asset additions amounted to \$1,145,000, of which the main items were: mobile equipment replacements \$209,000, a new warehouse-shop complex \$473,000, and 10 home trailer units amounting to \$239,000.

The average prices received for metals were:

| | 1975 | 1974 | Dec. 31/75 |
|--------------------------|--------|--------|------------|
| Silver (per ounce) | \$4.79 | \$4.80 | \$4.27 |
| Lead (per pound) | .21 | .24 | .15 |
| Zinc (per pound) | .38 | .35 | .32 |

The implications of wage and price controls were not fully known at year-end, nor is it known whether or not the levy on profits proposed by the anti-inflation legislation will adversely affect your company's performance in the future.

ORE RESERVES

| | 1975 | | | | 1974 | | | |
|----------|----------------|-------------------|-----------|-----------|----------------|-------------------|-----------|-----------|
| | Tons | Silver ozs/ton | Lead % | Zinc % | Tons | Silver ozs/ton | Lead % | Zinc % |
| Proven | 121,737 | 39.3 | 4.7 | 1.1 | 105,632 | 44.0 | 4.9 | 1.2 |
| Probable | 86,494 | 34.6 | 4.8 | 1.5 | 116,821 | 40.0 | 5.4 | 1.3 |
| | <u>208,231</u> | | | | <u>222,453</u> | | | |

Ore reserves were reduced during 1975. It was difficult to predict a trend due to the nature of ore occurrences. However, the potential for finding new reserves diminished during the year.

OPERATING SUMMARY

| | 1975 | 1974 |
|------------------------------------|--------------|--------------|
| Ore milled, tons | 90,860 | 93,232 |
| Daily average, tons | 249 | 255.4 |
| Flotation Heads: | | |
| Silver, ounces per ton | 34.96 | 37.73 |
| Lead % | 4.03 | 4.22 |
| Zinc % | 1.15 | 1.15 |
| Metal Recoveries: | | |
| Silver % | 94.2 | 94.9 |
| Lead % | 89.9 | 91.7 |
| Zinc % | 72.1 | 66.0 |
| Production: | | |
| Silver, ounces | 2,917,920 | 3,237,205 |
| Lead, pounds | 6,407,368 | 6,734,719 |
| Zinc, pounds | 620,763 | 545,357 |
| Cadmium, pounds | 8,758 | 7,330 |
| Revenue from metal shipments | \$15,696,435 | \$17,480,540 |

UNDERGROUND DEVELOPMENT

Lateral development in all mines totalled 5,692 feet, which included 780 feet of cross-cuts. Of the remaining 4,912 feet, 20% developed ore.

Elsa Mine:

Subdrifting on the 500 level developed 143 lineal feet of ore over a total sub-drift length of 364 feet.

Overburden drilling delineated a high grade intersection above the 200-foot level. Raising to this target was underway at year end.

Ore reserves, while modest, were increased considerably.

No Cash Mine:

Some 181 feet of cross-cutting and 1,386 feet of drifting and sub-drifting were completed. Forty-eight feet of ore were developed. Most of the potential of this mine has been explored.

Townsite Mine:

Cross-cutting totalled 244 feet, while 206 feet of drifting were completed. It was decided to close this mine because of the low grade, and salvage was underway at year end.

Dixie Mine:

Cross-cutting totalled 190 feet and drifting totalled 432 feet. No ore was developed although the potential remains encouraging.

Keno Mine (including Shamrock Project):

Cross-cutting totalled 184 feet and drifting totalled 662 feet, of which 271 feet were in ore. Overburden drilling was completed to assist underground exploration. Several structures were delineated for further underground exploration. The area has good potential, but since the targets are too deep for overburden drill exploration, underground drifting is required to delineate the targets.

Husky Mine:

On the third level, 356 feet of cross-cutting were completed to provide diamond drill stations for exploration below that level. Three minor ore zones were delineated, and a study was in hand at year end to determine the economics of the zones which are below the shaft bottom.

Also on the third level, 511 feet of drifting were completed and 160 feet of ore were developed.

Further exploration of the south-west area failed to confirm overburden targets. Work was not completed at year end.

CONCENTRATOR

Levels of recovery reflected variations in the amounts of non-sulphide ore treated. An improvement in the zinc recovery was accompanied by a lesser decrease in lead recovery.

Concentrate shipping was converted to the use of 3-ton bags as opposed to the pallet box used for many years. While some labour savings are involved when the bags are dumped into rail cars at Vancouver, the major advantage is in the reduction of concentrate losses. At existing metal prices, the reduction of losses should retire the cost of the bags in less than two years.

EXPLORATION

A normal overburden drilling program was carried out on Galena, Keno and Sourdough Hills. In addition, mapping and soil sampling were completed on two claim groups. A small ore zone was delineated in the Elsa 200 area, and results in four other grids warrant further work.

An option on the KPO-LEO claims was executed with the Cima Mining group. These claims lie south of the Husky Mine in the favourable quartzite belt. Work completed to date indicated good zinc mineralization, but in the absence of silver and lead, the zones are not economic. However further work is warranted on the remaining unexplored portion of the group. Your company acquired a 60% interest in this claim group by virtue of the work performed.

The Whitehorse office supervised a detailed program including 5,000 feet of diamond drilling on the optioned King Lake claim group, north of Whitehorse. Results on this copper prospect were negative and the option was dropped. Some 1,065 square miles were prospected employing two man, helicopter-supported field crews. No significant discoveries were reported. This office held 335 claims at year end.

Your company entered into an option agreement with Cairngorm Mines to explore their claim group in the Thunder Bay, Ontario area. The claim group contains some very old silver workings. Exploration work commenced at year end.

DEF PROJECT

As previously noted in reports to shareholders this claim group is owned equally by Falconbridge Nickel Mines Ltd., Canadian Superior Explorations Ltd., and United Keno Hill Mines Ltd. who manage the joint venture. The known copper sulphide deposit is a portion of a larger deposit which is held by American Smelting and Refining Limited and Silver Standard Mines Ltd. Agreement was reached to proceed with a feasibility study of the entire deposit subject to the approval by the parties of the estimated cost of the study.

No site work, except camp removal, was carried out during the year.

GENERAL

Employee relations were excellent during the year. The current collective agreement expires in February 1976, and the first negotiation meeting was held in December 1975. At the time of writing no progress had been made and a conciliator has been appointed. Your Company is bound by the anti-inflation legislation by virtue of its management connection with a company group having greater than 500 employees.

SUMMARY OF 1975 RESULTS BY QUARTERS
STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1975

| | 1975 | | | | |
|---|--------------------|----------|----------|----------|----------|
| | Three Months Ended | | | | |
| | March 31 | June 30 | Sept. 30 | Dec. 31 | TOTAL |
| OPERATING RECORD | | | | | |
| Ore milled, tons | 21,290 | 22,575 | 23,841 | 23,154 | 90,860 |
| PRODUCTION (000) | | | | | |
| Silver, ounces | 578 | 749 | 847 | 744 | 2,918 |
| Lead, pounds | 1,354 | 1,588 | 2,000 | 1,465 | 6,407 |
| Zinc, pounds | 200 | 134 | 52 | 235 | 621 |
| STATEMENT OF EARNINGS (000) | | | | | |
| Revenue from metal shipments | | | | | |
| Silver | \$ 3,101 | \$ 3,654 | \$ 4,100 | \$ 3,118 | \$13,973 |
| Lead | 392 | 270 | 417 | 273 | 1,352 |
| Zinc | 74 | 64 | 20 | 80 | 238 |
| Other | 40 | 28 | 36 | 29 | 133 |
| | 3,607 | 4,016 | 4,573 | 3,500 | 15,696 |
| Less smelting, shipping and marketing expenses | 456 | 510 | 684 | 551 | 2,201 |
| Net revenue from metal shipments | 3,151 | 3,506 | 3,889 | 2,949 | 13,495 |
| Operating and administrative costs | 1,929 | 2,069 | 2,371 | 2,298 | 8,667 |
| Operating profit for the period before the undernoted ... | 1,222 | 1,437 | 1,518 | 651 | 4,828 |
| Expenditures on exploration and development of properties not in production | | | | | |
| | 187 | 379 | 144 | 199 | 909 |
| Depreciation and amortization | 96 | 96 | 96 | 149 | 437 |
| | 283 | 475 | 240 | 348 | 1,346 |
| Operating profit for the period | 939 | 962 | 1,278 | 303 | 3,482 |
| Interest and sundry income | 223 | 237 | 213 | 217 | 890 |
| Profit for the period before taxes | 1,162 | 1,199 | 1,491 | 520 | 4,372 |
| Income and mining taxes | 394 | 409 | 503 | 129 | 1,435 |
| Earnings for the period | \$ 768 | \$ 790 | \$ 988 | \$ 391 | \$ 2,937 |
| Earnings per share | \$.31 | \$.32 | \$.40 | \$.16 | \$ 1.19 |

ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the efficient services of Mr. G. S. Dundas, Mine Manager, and Mr. V. Smith, General Superintendent, and all other employees.

The Directors wish to record their appreciation of the services rendered by Mr. D. R. De Laporte during his many years with the company. Mr. De Laporte resigned as Director and President in September 1975.

On Behalf of the Board,

F. A. GODFREY
President.

Toronto Ontario,
February 12, 1976

UNITED KENO HILL MINES LIMITED
**STATEMENTS OF EARNINGS AND RETAINED EARNINGS
FOR YEAR ENDED DECEMBER 31, 1975**

| EARNINGS | | 1975 | 1974 |
|--|--|--------------|--------------|
| Ore milled, tons | | 90,860 | 93,232 |
| Revenue from metal shipments: | | | |
| Silver | | \$13,972,788 | \$15,524,481 |
| Lead | | 1,352,391 | 1,607,774 |
| Zinc | | 238,265 | 191,797 |
| Other | | 132,991 | 156,488 |
| | | 15,696,435 | 17,480,540 |
| Less smelter charges, shipping and marketing expenses | | 2,200,979 | 1,942,627 |
| Net revenue from metal shipments | | 13,495,456 | 15,537,913 |
| Operating and administrative costs: | | | |
| Development, mining, milling and general mine expenses | | 8,442,724 | 6,239,858 |
| Administrative and general expenses | | 224,327 | 197,631 |
| | | 8,667,051 | 6,437,489 |
| Operating profit for the year before the undernoted items | | 4,828,405 | 9,100,424 |
| Expenditures on exploration and development of properties not in production | | 909,260 | 1,590,848 |
| Depreciation | | 428,433 | 327,757 |
| Amortization of mining claims and properties | | 8,400 | 21,850 |
| | | 1,346,093 | 1,940,455 |
| Operating profit for the year | | 3,482,312 | 7,159,969 |
| Interest and sundry income | | 889,890 | 624,670 |
| Profit for the year before income and mining taxes and extraordinary item | | 4,372,202 | 7,784,639 |
| Income and mining taxes (note 3) | | 1,435,000 | 2,700,000 |
| Earnings for the year before extraordinary item | | 2,937,202 | 5,084,639 |
| Extraordinary item: | | | |
| Reduction in income taxes arising from application of loss carried forward from prior year | | | 700,000 |
| Earnings for the year | | \$ 2,937,202 | \$ 5,784,639 |
| Earnings per share: | | | |
| Before extraordinary item | | \$ 1.19 | \$ 2.06 |
| For the year | | \$ 1.19 | \$ 2.34 |

RETAINED EARNINGS

| | | | |
|--|--|--------------|--------------|
| Retained earnings, beginning of year: | | | |
| As previously reported | | \$12,527,421 | \$ 8,336,782 |
| Adjustment of prior year's income tax | | — | 876,000 |
| As restated | | 12,527,421 | 9,212,782 |
| Earnings for the year | | 2,937,202 | 5,784,639 |
| Dividends paid (\$0.70 per share in 1975 and \$1.00 per share in 1974) | | (1,729,000) | (2,470,000) |
| Retained earnings, end of year | | \$13,735,623 | \$12,527,421 |

(See notes to financial statements)

UNITED KENO HILL MINES LIMITED*(Incorporated under the Canada Corporations Act)***BALANCE SHEET****ASSETS**

| | <u>1975</u> | <u>1974</u> |
|--|----------------------------|----------------------------|
| Current: | | |
| Cash and temporary investments thereof, at cost which approximates market value | \$ 8,914,844 | \$ 7,721,165 |
| Accounts receivable and accrued interest | 88,076 | 181,718 |
| Concentrates at smelters and in transit, at estimated realizable value (note 2) | 4,492,334 | 5,379,938 |
| Inventory of supplies, at lower of cost and replacement cost | 1,005,783 | 978,897 |
| Other assets | 18,097 | 45,518 |
| Total current assets | <u>14,519,134</u> | <u>14,307,236</u> |
| Property, plant and equipment: | | |
| Plant and equipment, at cost | 10,173,028 | 9,279,700 |
| Less accumulated depreciation | <u>8,407,371</u> | <u>8,231,070</u> |
| | 1,765,657 | 1,048,630 |
| Mining claims and properties, at cost less accumulated amortization of \$1,937,305 in 1975 and \$1,928,905 in 1974 | 68,700 | 77,100 |
| | <u>1,834,357</u> | <u>1,125,730</u> |
| | <u><u>\$16,353,491</u></u> | <u><u>\$15,432,966</u></u> |

(See notes to fi

AUDITORS' REPORT

To the Shareholders of
United Keno Hill Mines Limited:

We have examined the balance sheet of United Keno Hill Mines Limited as at December 31, 1975, and the statements of earnings, retained earnings and dividends for the year then ended. Our examination included a general review of the accounting records and such tests of accounting records and other evidence as we considered necessary in the circumstances.

Toronto, Canada,
January 29, 1976.

CEMBER 31, 1975

LIABILITIES

| | <u>1975</u> | <u>1974</u> |
|---|---------------------|---------------------|
| Current: | | |
| Accounts payable and accrued charges | \$ 509,469 | \$ 398,635 |
| Income, mining and other taxes payable (note 3) | 158,393 | 556,904 |
| Total current liabilities | <u>667,862</u> | <u>955,539</u> |
| Shareholders' equity: | | |
| Capital — | | |
| Authorized: | | |
| 2,500,000 shares of no par value | | |
| Issued: | | |
| 2,470,000 shares | 1,950,006 | 1,950,006 |
| Retained earnings | 13,735,623 | 12,527,421 |
| | <u>15,685,629</u> | <u>14,477,427</u> |
| On behalf of the Board: | | |
| F. A. GODFREY, Director. | | |
| G. T. N. WOODROOFFE, Director. | | |
| | <u>\$16,353,491</u> | <u>\$15,432,966</u> |

cial statements)

United Keno
and the
changes in
our examination
procedures
or supporting
circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.,
Chartered Accountants.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR YEAR ENDED DECEMBER 31, 1975

| | <u>1975</u> | <u>1974</u> |
|---|---------------------|---------------------|
| Sources of working capital: | | |
| Operations — | | |
| Earnings for the year before extraordinary item | \$ 2,937,202 | \$ 5,084,639 |
| Add depreciation and amortization, charges to income which did not involve an outlay of working capital in the current year | 436,833 | 349,607 |
| | <u>3,374,035</u> | <u>5,434,246</u> |
| Extraordinary item — reduction in income taxes arising from application of loss carried forward from prior year | — | 700,000 |
| | <u>3,374,035</u> | <u>6,134,246</u> |
| Applications of working capital: | | |
| Dividends | 1,729,000 | 2,470,000 |
| Net additions to property, plant and equipment | 1,145,460 | 520,400 |
| | <u>2,874,460</u> | <u>2,990,400</u> |
| Increase in working capital during the year | <u>\$ 499,575</u> | <u>\$ 3,143,846</u> |
| Changes in components of working capital: | | |
| Increase (decrease) in current assets — | | |
| Cash and temporary investments thereof | \$ 1,193,679 | \$ 3,335,930 |
| Accounts receivable and accrued interest | (93,642) | (100,496) |
| Concentrates at smelters and in transit | (887,604) | (343,613) |
| Inventory of supplies | 26,886 | 334,063 |
| Other assets | (27,421) | 3,658 |
| | <u>211,898</u> | <u>3,229,542</u> |
| Increase (decrease) in current liabilities — | | |
| Accounts payable and accrued charges | 110,834 | (284,059) |
| Income, mining and other taxes payable (note 3) | (398,511) | 369,755 |
| | <u>(287,677)</u> | <u>85,696</u> |
| Increase in working capital | 499,575 | 3,143,846 |
| Working capital, beginning of year | 13,351,697 | 10,207,851 |
| Working capital, end of year | <u>\$13,851,272</u> | <u>\$13,351,697</u> |

(See notes to financial statements)

UNITED KENO HILL MINES LIMITED

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1975

1. Accounting policies

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements. The policies conform to generally accepted accounting principles and have been applied consistently:

- (a) Plant and equipment are stated at acquisition cost, including transportation and installation costs. Repairs and maintenance are charged to operations and betterments and replacements are capitalized. Upon sale or retirement, the cost of the assets and the related allowances for depreciation are removed from the accounts and any gains or losses thereon are taken into earnings.

Depreciation on the major portion of the company's plant and equipment has been provided on the straight line method at 10% per annum, and for certain moveable equipment at the rate of 25% per annum, which rates are designed to write off the assets over the then estimated producing life of the mine.

- (b) Amortization of the cost of mining claims and properties has been provided on the straight line method at 10% per annum.
- (c) Exploration and development expenditures on contiguous mining properties and unknown or unproven ore bodies are expensed as incurred.
- (d) The company follows the deferral method of income tax allocation.
- (e) Concentrates in transit are recorded at estimated realizable value because they are covered by sales contracts. Inventories of supplies are recorded at the lower of cost and replacement cost.

2. Concentrates at smelters and in transit

The company has entered into contracts for the sale of its concentrates according to practices common among Canadian mines, where the price the company receives is determined two months after the concentrates have been received at the smelters. The price that the company receives will be determined up to five months after shipment from the mine. For purposes of determining realizable value at December 31, 1975, the company has assumed an average price of \$4.05 per ounce on 1,105,000 ounces of silver.

3. Income and mining taxes

The company estimates that available earned depletion deductions could be entirely utilized in 1976.

4. Remuneration of directors and officers

During 1975, the company employed nine officers whose aggregate remuneration as officers was \$58,020. Three of the nine officers also served as directors. Five other persons, not employed by the company, also served as directors during the year. The aggregate remuneration paid directors of the company was \$27,321.

5. Anti-Inflation Act

Effective October 14, 1975 the federal government proposed the Anti-Inflation Act and subsequently issued proposed Regulations which are presently scheduled to be in force until December 31, 1978. Under this legislation the company is subject to mandatory compliance with controls on prices, profit margins, employee compensation and shareholder dividends. The effects on the company of the Regulations on prices, profit margins and employee compensation are not yet clear owing to uncertainties as to interpretation and the need to develop appropriate data from the company's records. Based on information available as to the government's intentions, management is of the opinion that dividends to the company's common shareholders during the year ending October 13, 1976 may not exceed \$1.00 per share.

In addition, the federal government has proposed legislation imposing a 100% levy on export sales revenues in excess of those permissible under the Guidelines for its Anti-Inflation Program, for the period from October 14, 1975 to December 31, 1978. Under the proposals 75% of the levy will be refundable some time in the ten years following the end of the control period, but under certain conditions 90% of the levy may be refunded. Based on information available as to the government's intentions, management is of the opinion that the company will not be liable to a levy applicable to the current fiscal year.

UNITED KENO HILL MINES LIMITED
TEN-YEAR SUMMARY

| | <u>1975</u> | <u>1974</u> |
|---|---------------------|---------------------|
| OPERATING RESULTS: | | |
| Sales of concentrates less smelter charges, freight and marketing expenses | \$13,495,456 | \$15,537,913 |
| Operating and administrative expenses | 8,667,051 | 6,437,489 |
| Operating profit before undernoted items | <u>4,828,405</u> | <u>9,100,424</u> |
| Deduct (add) | | |
| Depreciation and amortization charges | 436,833 | 349,607 |
| Expenditures on exploration and development | 909,260 | 1,590,848 |
| Other income | (889,890) | (624,670) |
| Income and mining tax provision (recovery) net of extraordinary items | 1,435,000 | 2,000,000 |
| Earnings (loss) for the year | <u>\$ 2,937,202</u> | <u>\$ 5,784,639</u> |
| WORKING CAPITAL: | | |
| Current assets | \$14,519,134 | \$14,307,236 |
| Current liabilities | 667,862 | 955,539 |
| | <u>\$13,851,272</u> | <u>\$13,351,697</u> |
| NUMBER OF SHARES OUTSTANDING: | | |
| | 2,470,000 | 2,470,000 |
| Per share — earnings | \$ 1.19 | \$ 2.34 |
| — dividends | \$ 0.70 | \$ 1.00 |

OF OPERATING DATA

| <u>1973</u> | <u>1972</u> | <u>1971</u> | <u>1970</u> | <u>1969</u> | <u>1968</u> | <u>1967</u> | <u>1966</u> |
|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 9,868,050 | \$4,532,665 | \$4,545,755 | \$4,790,058 | \$4,775,966 | \$5,085,573 | \$7,904,845 | \$7,551,575 |
| 4,895,817 | 4,164,142 | 4,338,420 | 4,229,029 | 4,053,390 | 3,504,238 | 5,170,094 | 6,794,431 |
| <u>4,972,233</u> | <u>368,523</u> | <u>207,335</u> | <u>561,029</u> | <u>722,576</u> | <u>1,581,335</u> | <u>2,734,751</u> | <u>757,144</u> |
| 364,869 | 363,972 | 397,853 | 395,349 | 386,200 | 430,299 | 491,646 | 516,396 |
| 1,266,012 | 1,071,867 | 1,007,585 | 691,266 | 813,330 | 1,185,511 | 395,299 | 429,397 |
| (385,777) | (343,063) | (425,355) | (753,116) | (562,056) | (477,319) | (304,529) | (175,435) |
| 102,000 | — | (219,000) | 59,000 | 40,000 | 187,000 | 224,453 | — |
| <u>\$ 3,625,129</u> | <u>\$ (724,253)</u> | <u>\$ (553,748)</u> | <u>\$ 168,530</u> | <u>\$ 45,102</u> | <u>\$ 255,844</u> | <u>\$1,927,882</u> | <u>\$ (13,214)</u> |
| \$11,077,694 | \$8,086,078 | \$8,478,150 | \$8,667,101 | \$8,511,098 | \$9,077,914 | \$8,502,333 | \$5,877,369 |
| 869,843 | 645,942 | 566,307 | 718,344 | 516,314 | 816,731 | 748,326 | 732,214 |
| <u>\$10,207,851</u> | <u>\$7,440,136</u> | <u>\$7,911,843</u> | <u>\$7,948,757</u> | <u>\$7,994,784</u> | <u>\$8,261,183</u> | <u>\$7,754,007</u> | <u>\$5,145,155</u> |
| 2,470,000 | 2,470,000 | 2,470,000 | 2,470,000 | 2,470,000 | 2,470,000 | 2,470,000 | 2,470,000 |
| \$ 1.47 | \$ (0.29) | \$ (0.22) | \$ 0.07 | \$ 0.02 | \$ 0.10 | \$ 0.78 | \$ (.01) |
| \$ 0.40 | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ 0.20 | \$ nil | \$ nil | \$ nil |

COMPARATIVE STATEMENT OF PRODUCTION BY YEARS

Production

| Fiscal Year | Proven Ore Reserves Tons | Ore Milled Tons | Silver Ozs. | Lead Lbs. | Zinc Lbs. | Cadmium Lbs. |
|---------------------------|--------------------------------|-----------------------|--------------------|--------------------|--------------------|------------------|
| Dec. 31, 1947..... | 63,071 | 20,880 | 735,195 | 2,157,090 | | |
| Dec. 31, 1948..... | 115,473 | 37,593 | 1,908,267 | 5,089,554 | | |
| Dec. 31, 1949..... | 203,177 | 29,494 | 1,403,360 | 5,330,736 | 2,272,397 | |
| Dec. 31, 1950..... | 328,530 | 77,465 | 3,349,848 | 13,916,231 | 7,040,569 | 80,585 |
| Dec. 31, 1951..... | 395,613 | 88,026 | 3,480,965 | 13,036,638 | 7,174,657 | 94,608 |
| Sept. 30, 1952 (9 mos.).. | 437,028 | 102,269 | 3,408,966 | 14,436,073 | 10,280,241 | 139,654 |
| Sept. 30, 1953..... | 612,937 | 156,684 | 6,252,483 | 27,313,584 | 21,245,493 | 304,722 |
| Sept. 30, 1954..... | 616,868 | 180,249 | 6,191,599 | 30,663,549 | 26,134,700 | 312,931 |
| Sept. 30, 1955..... | 587,830 | 162,307 | 5,670,137 | 26,350,198 | 24,035,999 | 302,297 |
| Sept. 30, 1956..... | 598,020 | 155,702 | 5,582,979 | 25,083,145 | 24,107,851 | 322,379 |
| Sept. 30, 1957..... | 601,165 | 159,885 | 5,694,850 | 22,569,908 | 18,119,454 | 236,271 |
| Sept. 30, 1958..... | 587,940 | 175,058 | 5,984,373 | 22,255,501 | 18,610,970 | 229,308 |
| Sept. 30, 1959..... | 549,565 | 173,477 | 7,307,815 | 22,865,276 | 17,717,019 | 220,281 |
| Sept. 30, 1960..... | 512,577 | 176,745 | 7,249,101 | 21,986,887 | 14,440,774 | 181,132 |
| Sept. 30, 1961..... | 514,369 | 186,116 | 7,231,908 | 17,911,672 | 15,512,624 | 202,432 |
| Sept. 30, 1962..... | 445,630 | 184,123 | 7,000,837 | 17,587,767 | 13,885,884 | 184,364 |
| Sept. 30, 1963..... | 493,955 | 186,721 | 5,978,075 | 16,751,012 | 14,759,821 | 199,708 |
| Dec. 31, 1964 (15 mos.).. | 459,000 | 227,845 | 7,270,911 | 26,304,902 | 19,965,295 | 245,453 |
| Dec. 31, 1965..... | 385,780 | 146,850 | 4,701,820 | 18,753,650 | 16,700,565 | 198,140 |
| Dec. 31, 1966..... | 129,260 | 120,374 | 4,235,678 | 16,647,849 | 11,999,953 | 144,914 |
| Dec. 31, 1967..... | 124,460 | 106,189 | 3,804,644 | 15,469,569 | 10,872,074 | 128,269 |
| Dec. 31, 1968..... | 100,230 | 60,800 | 1,981,777 | 7,418,645 | 6,212,589 | 74,042 |
| Dec. 31, 1969..... | 91,750 | 87,663 | 2,405,615 | 7,719,096 | 7,845,682 | 100,740 |
| Dec. 31, 1970..... | 142,260 | 93,215 | 2,601,960 | 6,583,652 | 7,467,164 | 98,687 |
| Dec. 31, 1971..... | 86,000 | 94,754 | 2,919,693 | 8,220,513 | 6,533,208 | 84,832 |
| Dec. 31, 1972..... | 65,000 | 80,646 | 2,503,921 | 6,108,042 | 3,307,178 | 46,731 |
| Dec. 31, 1973..... | 84,552 | 94,819 | 3,134,828 | 7,262,400 | 1,345,062 | 17,944 |
| Dec. 31, 1974..... | 105,632 | 93,232 | 3,237,205 | 6,734,719 | 545,357 | 7,330 |
| Dec. 31, 1975..... | 121,737 | 90,860 | 2,917,920 | 6,407,368 | 620,763 | 8,758 |
| TOTAL..... | | <u>3,550,041</u> | <u>126,146,730</u> | <u>438,935,226</u> | <u>328,753,343</u> | <u>4,166,512</u> |

**UNITED KENO HILL MINES
LIMITED**

PLAN SHOWING:
LOCATION AND
TRANSPORTATION ROUTES



MINE OPERATING OFFICIALS:

| | | | | | | | | |
|-------------------|---|---|---|---|---|---|---|----------------------------|
| G. S. DUNDAS | - | - | - | - | - | - | - | Mine Manager |
| V. E. SMITH | - | - | - | - | - | - | - | General Superintendent |
| M. WEG | - | - | - | - | - | - | - | Mine Superintendent |
| A. GRUNDMANIS | - | - | - | - | - | - | - | Mill Superintendent |
| W. G. BENNETT | - | - | - | - | - | - | - | Plant Superintendent |
| R. E. VAN TASSELL | - | - | - | - | - | - | - | Exploration Superintendent |
| I. NOGA | - | - | - | - | - | - | - | Chief Engineer |
| G. H. PARTRIDGE | - | - | - | - | - | - | - | Chief Mine Geologist |
| T. LEVICKI | - | - | - | - | - | - | - | Mine Exploration Geologist |
| W. J. HENRY | - | - | - | - | - | - | - | Office Manager |
| K. BERG | - | - | - | - | - | - | - | Personnel Supervisor |

BANKERS

THE ROYAL BANK OF CANADA
TORONTO, ONTARIO
ELSA, YUKON TERRITORY, CANADA

AUDITORS

CLARKSON, GORDON & Co. - - - - - Toronto

TRANSFER AGENTS and REGISTRARS

MONTREAL TRUST COMPANY - - - - - Toronto
CROCKER NATIONAL BANK - - - - - San Francisco

